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STATE PASS TO USTR, COMMERCE FOR THOFFMAN

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SUBJECT: USTR VISIT RE-ENERGIZES FTA IMPLEMENTATION PROCESS

Classified By: Ambassador Gary A. Grappo for Reasons 1.4 (b, d)

¶1. (C) Summary: USTR Ambassador Schwab met with Sultan Qaboos and government officials during her October 24-26 visit to Oman to resolve outstanding Free Trade Agreement issues and achieve implementation by the end of the year. While problems remain, the visit and related meetings between USTR experts and their Omani interlocutors pushed forward the implementation process and injected new momentum on the Omani side to fulfill all of its FTA obligations. The Sultan's personal commitment to see the FTA completed, and the amount of attention devoted to the USTR visit, should help ensure that Oman devotes appropriate technical and personnel resources to close out remaining aspects of the landmark trade deal. End Summary.

¶2. (C) A U.S. trade delegation led by U.S. Trade Representative Susan C. Schwab visited Oman October 24-26 for meetings with Omani officials, including Sultan Qaboos, to discuss remaining issues for implementation of the U.S.-Oman Free Trade Agreement (FTA). Oman's Minister of Commerce and Industry, Maqbool bin Ali bin Sultan, served as Ambassador Schwab's primary interlocutor during her stay. In a meeting on October 25, Maqbool expressed his commitment to work closely with the U.S. to help resolve all outstanding differences and agreed with Ambassador Schwab that the agreement needed to be implemented by the end of the year. He and Ambassador Schwab proceeded to review a checklist of issues to ensure both sides shared the same understanding of the work that remained. Although Maqbool considered most issues to be "doable," Ambassador Schwab noted that there continued to be significant problems in the areas of telecommunications, including licensing fees, and intellectual property. Questions over transparency, customs and government procurement regulations also remained. To help overcome these obstacles, Maqbool pledged to arrange meetings during the rest of the week for USTR technical experts in the delegation with their Omani counterparts.

¶3. (C) On October 25, Ambassador Schwab, accompanied by the Ambassador, met with Sultan Qaboos at his palace in the Omani interior and received the Sultan's personal commitment to push the FTA to completion "as soon as possible." In particular, the Sultan reported he had ordered his Minister of Legal Affairs, whose ministry is responsible for drafting all Omani laws and reviewing most regulations, to instruct his lawyers to work on the basis of approved English language texts. With this commitment in hand, Ambassador Schwab, after meeting with the head of Oman's Telecommunications Regulatory Authority to discuss telecom issues, met again with Minister Maqbool prior to her departure from Muscat. She and Maqbool reviewed a revised checklist of outstanding issues and agreed to personally follow-up on the status of these issues via regular phone calls to keep things on track until the FTA was implemented. Several USTR staff members and experts would remain in Muscat until the end of the local workweek for further discussions with Omani officials on

pending matters.

¶4. (C) Comment: The visit of Ambassador Schwab supplied new impetus to the FTA implementation process and appears to have motivated the Omanis to put resolution of remaining issues on the fast track. The order of the Sultan to make implementation a reality will help overcome the lack of coordination between Omani government ministries, which has contributed to several implementation roadblocks. In particular, during Ambassador Schwab's visit USTR staff directly engaged, for the first time, the Ministry of Legal Affairs, which has unilaterally changed legal text previously agreed to by negotiators on both sides. Interestingly, Ambassador Schwab arrived in Oman on the heels of a visit by the French Foreign Trade Minister who, despite the relatively strong commercial ties between France and Oman, did not receive an appointment with the Sultan even though she reportedly carried a message from French President Sarkozy.
End Comment.
GRAPPO